

CALIFORNIA ENERGY COMMISSION

1516 Ninth Street
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WEBSITES

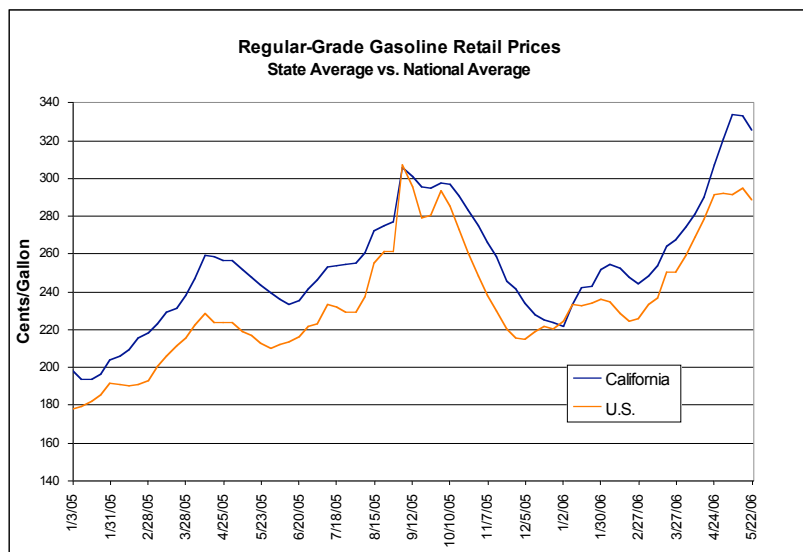
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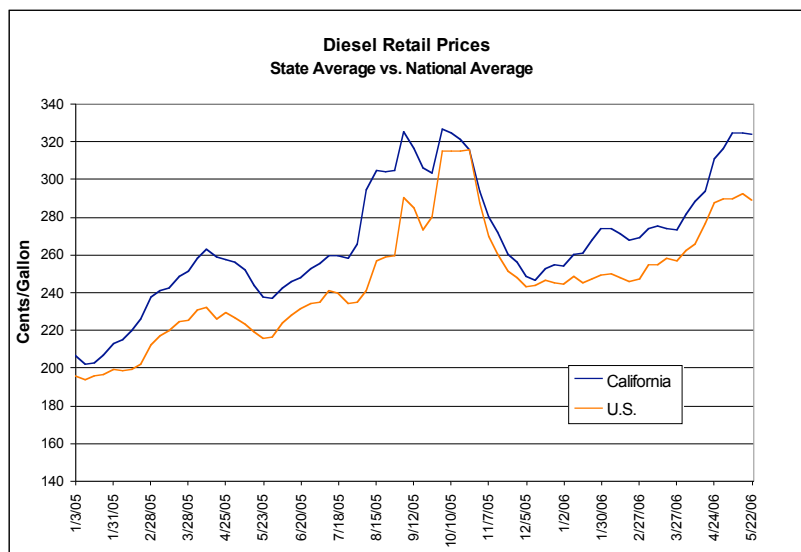
Consumer Information: www.ConsumerEnergyCenter.org

**Petroleum Watch****May 26, 2006*****Retail Gasoline and Diesel Prices on May 22***

- The average statewide **retail price for regular-grade gasoline** fell almost 8 cents per gallon this week to \$3.25 per gallon. However, retail gasoline is still \$1.04 higher than the 2006 low of \$2.21 on January 2.
- The difference between California and U.S. retail gasoline prices declined 1 cent in the last week to 37 cents per gallon.ⁱ



- The average California **retail diesel price** dropped 1 cent from the previous week to \$3.23 per gallon, but the difference between California and U.S. retail diesel prices grew 3 cents to 35 cents per gallon.

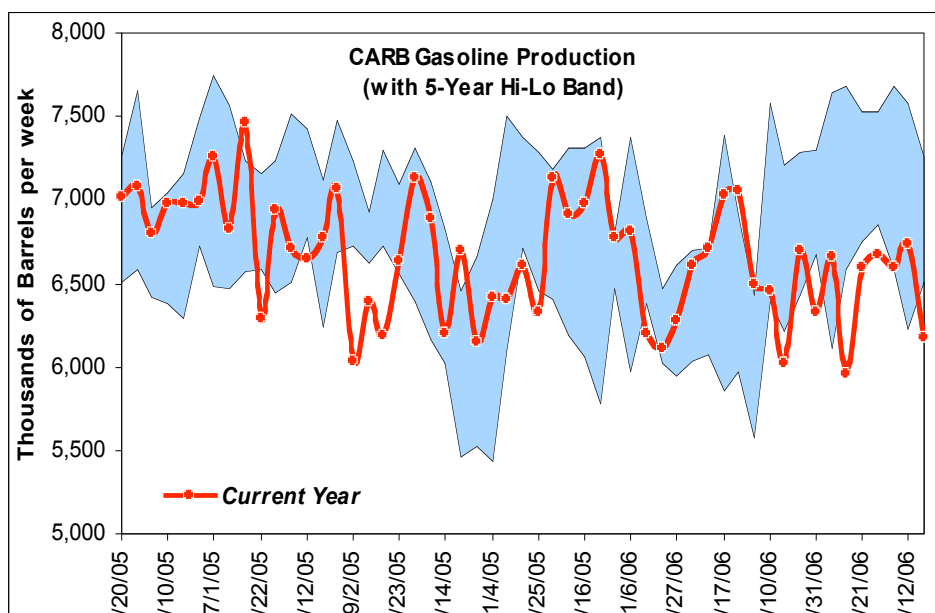


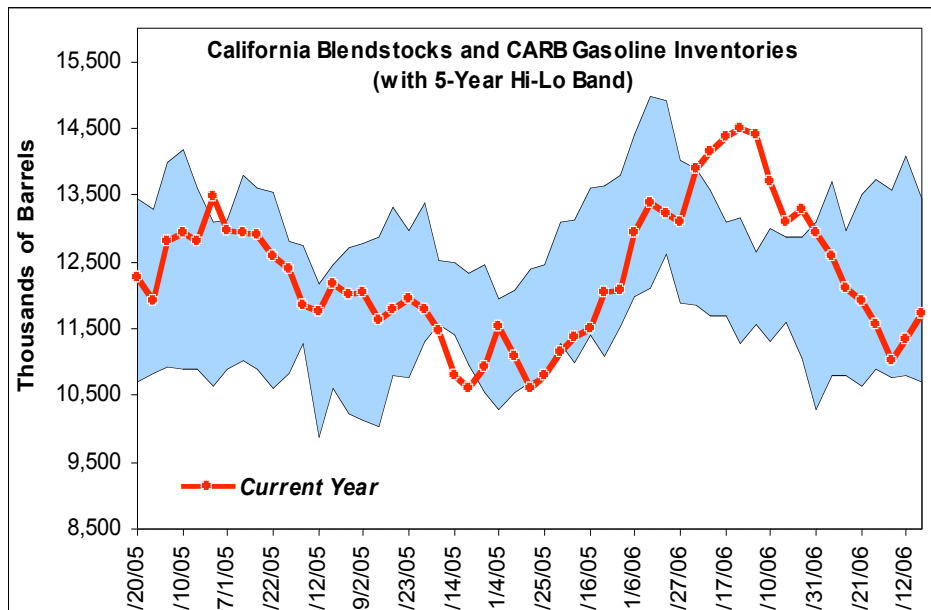
Wholesale Gasoline and Diesel Prices on May 23

- California spot **wholesale gasoline prices** for regular-grade reformulated blendstock for oxygenate blending (RBOB) have moved erratically during the last week, climbing to \$2.43 per gallon after falling to a recent low of \$2.32 on May 17. Prices are currently 54 cents lower than the record high of \$2.97 on May 2 but are still 87 cents more than the 2006 low of \$1.56 on February 14.
- Slightly lower crude oil prices, falling gasoline prices elsewhere in the United States, and increasing state and national inventories have helped bring down California spot prices.
- California spot prices are 17 cents per gallon higher than those for RBOB on the Gulf Coast and 21 cents higher than RBOB in New York Harbor.
- After reaching a record high peak of \$2.68 per gallon on May 3, California spot **wholesale low-sulfur diesel prices** dropped to \$2.27 on May 18 before climbing back to \$2.40. Prices are now 66 cents higher than the 2006 low of \$1.74 on February 15.
- California wholesale low-sulfur diesel prices are 30 cents more than Gulf Coast prices, 7 cents greater than they were on May 16.
- Due to the volatility of state spot markets, the difference between California gasoline and diesel spot prices has ranged from 1 to 17 cents higher for gasoline during the latest week, with the difference at 4 cents currently.
- The Energy Information Administration weekly assessment for May 19 reports that **U.S. gasoline demand** dropped 1.4 percent from the previous week, while distillate demand fell 4.5 percent. The four-week average demand for gasoline is 9.241 million barrels per day, virtually unchanged from last year. The four-week average for U.S. distillate demand is 4.109 million barrels per day, up 0.8 percent from last year.

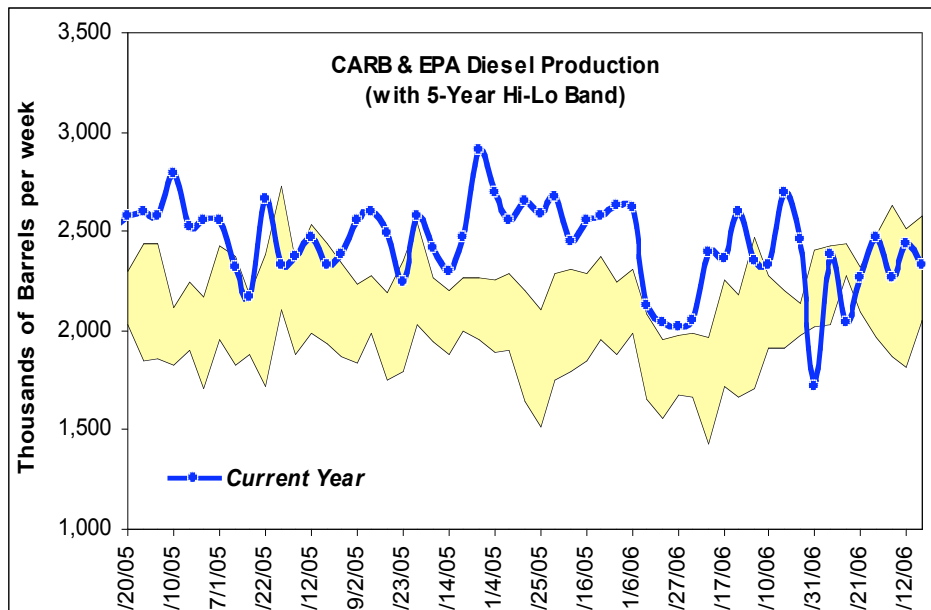
Refinery Production and Inventories

- Reformulated **gasoline production** in California during the week ending May 19 fell to 6.17 million barrels, 8.4 percent lower than the previous week and 12.1 percent less than last year. This decline in output below the five-year range resulted from scheduled refinery maintenance and unplanned outages.ⁱⁱ
- With output down, California reformulated **gasoline inventories** fell 3.7 percent from the previous week, but gasoline blendstock inventories grew by 7.8 percent. As a result, **combined inventories** of reformulated gasoline and gasoline blendstocks in the state **increased 3.4 percent** to 11.7 million barrels despite the production decline and are approaching the middle of the five-year range.
- U.S. gasoline inventories grew by 2.1 million barrels from the previous week to 208.5 million barrels as of May 19 on a large increase in imports.

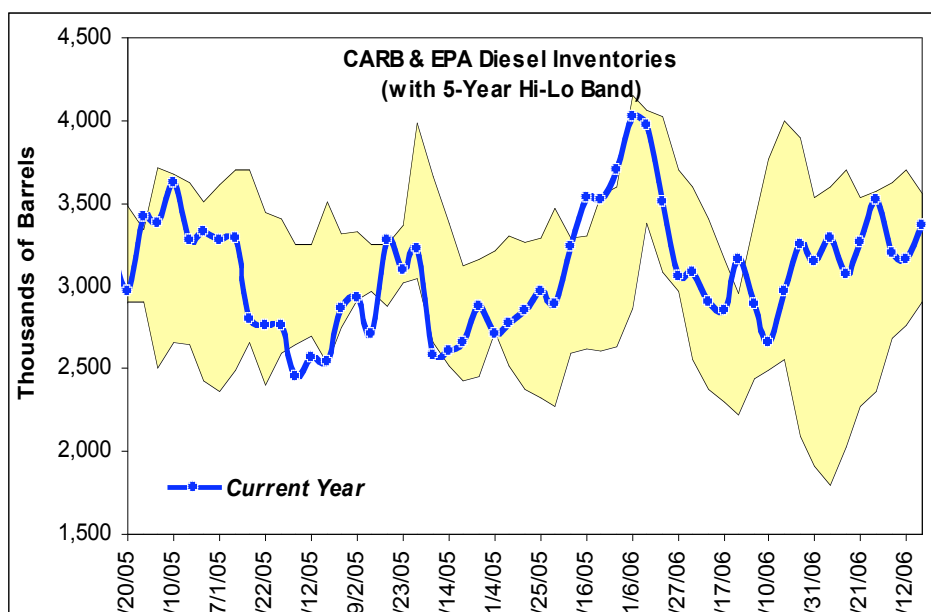




- California low-sulfur **diesel production** during the week of May 19, including both California diesel and U.S. Environmental Protection Agency (EPA) diesel, declined 4.3 percent from the previous week due to unplanned refinery outages and some ongoing refinery maintenance and has fallen back to the middle of the five-year range.

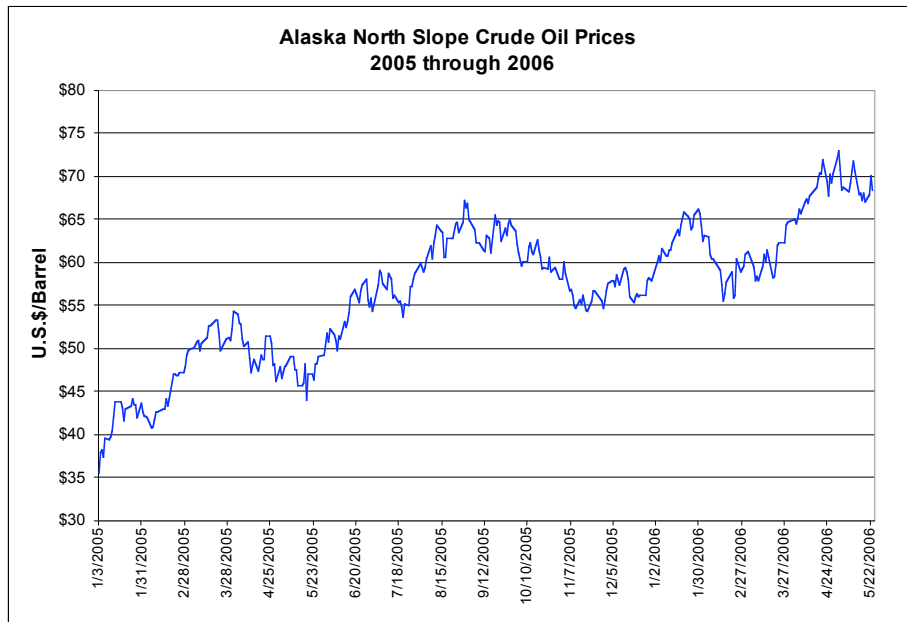


- Combined low-sulfur **diesel inventories** in California grew by 6.4 percent from the previous week to 3.4 million barrels, staying near the middle of the five-year range. Total U.S. distillate inventories as of May 19 increased to 117.1 million barrels, 2.5 million barrels higher than the previous week and 11.4 million barrels more than last year.



Crude Oil Prices and Inventories

- West Coast prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, drifted downward from a record high of \$72.88 per barrel on May 2 to a recent low of \$67.09 on May 17. Ecuador, Bolivia, and Venezuela are pressing ahead with measures to increase state control over their petroleum industries. Venezuela is also lobbying for OPEC to cut production, although comments from other OPEC delegates indicate that this may be unlikely. Meanwhile, news of disruptions in other oil producing regions has been relatively scarce compared to previous weeks, but production shortfalls persist in Nigeria and Iraq. U.S. crude oil stocks fell significantly this week, yet remain high by historical standards. ANS oil prices briefly reached \$70 per barrel again on May 23, before falling back to \$68.21 per barrel the next day.ⁱⁱⁱ



- U.S. commercial crude oil inventories fell sharply to 343.9 million barrels as of May 19, 3 million barrels less than the previous week as imports declined. However, these levels are still 11.5 million barrels higher than last year and 31.6 million more than the five-year average.
- The return of offshore crude oil production in the Gulf Coast has slowed in recent months, and a substantial amount remains off-line. In its final report on hurricane outages on May 3, Minerals Management Service indicated that almost 22 percent of U.S. Gulf of Mexico offshore oil production, or 324,445 barrels per day, was still shut down at that time from last year's hurricanes. Almost 154 million barrels of crude oil production had cumulatively been lost to these hurricanes since late August, about 28 percent of annual Gulf of Mexico offshore oil production.

ⁱ Spot wholesale and retail gasoline and diesel prices are from the Energy Information Administration of the U.S. Department of Energy.

ⁱⁱ California refinery production and inventory information are from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

ⁱⁱⁱ ANS crude oil prices are from *The Wall Street Journal*. U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.